

Message Text

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ORIGIN EA-12

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DRAFTED BY EA/J:HCOCHRAN:MFG
APPROVED BY EA - RICHARD HOLBROOKE
EA - EHEGINBOTHAM
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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO IMMEDIATE

S E C R E T STATE 286541

E.O. 11652: GDS

TAGS: ECON, EFIN, ETRD, PFOR, JA, US

SUBJECT: HIGH-LEVEL GOJ MISSION TO WASHINGTON

1. AMBASSADOR TOGO CALLED AT HIS OWN REQUEST ON ASSISTANT SECRETARY HOLBROOKE TO DISCUSS ARRANGEMENTS FOR A HIGH-LEVEL GOJ MISSION TO WASHINGTON. IT WAS INEVITABLE, TOGO SAID, THAT THE RIVERS/HEGINBOTHAM VISIT WAS GIVEN HEAVY PRESS COVERAGE, AND THUS THE JAPANESE CABINET PREFERRED TO HAVE THE USHIBA MISSION COME TO WASHINGTON. TOGO WAS INSTRUCTED TO ASK WHETHER THE DATES OF DECEMBER 9-10 OR DECEMBER 12-13 WOULD BE CONVENIENT. BASED ON AN EARLIER POLL OF THE PRINCIPAL US OFFICIALS WITH ECONOMIC RESPONSIBILITIES, HOLBROOKE SUGGESTED THAT THE MISSION VISIT WASHINGTON BEGINNING DECEMBER 12. TOGO SAID THIS WAS ALSO THE GOJ PREFERENCE.

2. IN RESPONSE TO HOLBROOKE'S COMMENT THAT HE WOULD LIKE
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TO HAVE THE MISSION CALL ON THE PRESIDENT IF THE PRIME MINISTER THOUGHT IT DESIRABLE, TOGO RESPONDED THAT HE WAS JUST GOING TO ASK THAT QUESTION. SINCE USHIBA IS A CABINET MINISTER, TOGO SAID, IT WOULD BE GOOD FOR HIM TO SEE THE VICE PRESIDENT. PERHAPS IT WOULD BE TOO MUCH TO ASK TO SEE BOTH. HOLBROOKE AND TOGO AGREED THAT THEIR

STAFFS WOULD COORDINATE CLOSELY IN SETTING UP THE ARRANGEMENTS FOR THE VISIT.

3. HOLBROOKE SUGGESTED THAT USHIBA WOULD WANT TO SEE ALL THE SENIOR ADMINISTRATION OFFICIALS CONCERNED WITH ECONOMIC POLICY, AND ALSO MEET WITH CONGRESSIONAL LEADERS. THE GOJ MISSION WOULD ALSO WANT TO MEET WITH THE ASSISTANT SECRETARIES GROUP FOR MORE TECHNICAL DISCUSSIONS. HOLBROOKE EXPECTED THAT IT WOULD PROBABLY REQUIRE A STAY OF ABOUT 4 DAYS. HE TOLD TOGO THAT HE HOPED THE HIGH-LEVEL MISSION WOULD BE ABLE TO RETURN TO TOKYO, EXPLAIN THE USG POSITION, AND THAT THE GOJ WOULD THEN MAKE A SUBSTANTIAL AND SATISFACTORY RESPONSE IN ANNOUNCING THE MEASURES IT WOULD TAKE TO ELIMINATE THE CURRENT ACCOUNT SURPLUS.

4. IN RESPONSE TO HOLBROOKE'S QUERY ON THE SUBSTANCE OF THE VISIT, TOGO SAID THAT THE MISSION WOULD EXPLAIN THE HIGH-YEN TREND, THE BANKRUPTCIES AMONG SMALL ENTERPRISES, AND THE ADDITIONAL BUDGET FOR THE PERIOD JANUARY 1978 THROUGH MARCH 1979 (WITH THE 30 PERCENT DEFICIT FINANCING LIMIT REMOVED, "EVEN WITH THE RISK OF INFLATION") WHICH CONTAINED NEW STIMULUS OF THE DOMESTIC ECONOMY. HE SAID THERE REMAINED CONSIDERABLE DIFFERENCES BETWEEN OUR TWO POSITIONS. THE GOJ COULD NOT GO AS FAR AS THE USG WOULD LIKE AND COULD NOT MAKE A COMMITMENT TO HAVE A CURRENT ACCOUNT DEFICIT IN 1, 2, OR THREE YEARS, BUT IT WILL CON-
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TAIN EVERYTHING THE GOJ CAN DO. TOGO EXPRESSED THE HOPE THAT THE USG CLARIFY FOR THE HIGH-LEVEL MISSION THE PRIORITIES IN THE USG SUGGESTIONS.

5. HOLBROOKE SAID THAT IT WAS IMPORTANT FOR USHIBA TO COME TO CONTINUE THE PROCESS OF CONSULTATIONS TOWARD A MUTUALLY SATISFACTORY SOLUTION. IT WOULD BE UNFORTUNATE IF HE WERE TO COME TO MAKE AN ANNOUNCEMENT OF WHAT THE GOJ MEASURES WOULD BE. TOGO COMMENTED THAT IT WAS UNFORTUNATE THAT THERE WAS AN IDEA THAT THE GOJ WAS GOING TO OFFER A PACKAGE AND THAT A STRAUSS VISIT WAS HANGING IN THE BACKGROUND AS A SORT OF DEADLINE FOR THE GOJ.

6. HOLBROOKE SAID THAT WE WANT A SATISFACTORY OUTCOME TO THE CONSULTATIONS. THE USG HAD BEEN PREPARED TO SEND A TEAM LED BY AMBASSADOR WOLFF TO CONTINUE DISCUSSIONS, BUT THE GOJ SUGGESTED A VISIT BY USHIBA INSTEAD. WE WELCOME THE USHIBA VISIT, BUT WE DO NOT WISH TO HAVE HIM PRESENT US WITH A "FINAL" GOJ OFFER.

7. HOLBROOKE AND TOGO AGREED TO BE IN CLOSE CONTACT TO MAKE PREPARATIONS FOR THE SUCCESS OF THE VISIT. VANCE

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